

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF SANDY VALLEY)
WATER DISTRICT, SOUTHERN WATER AND)
SEWER DISTRICT AND THE CITY OF PIKEVILLE)
FOR APPROVAL OF THE TRANSFER OF) CASE NO. 2006-00327
FACILITIES AND FOR THE ASSUMPTION OF)
DEBT BY SOUTHERN WATER AND SEWER)
DISTRICT)

COMMISSION STAFF'S SECOND SET OF INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
APPLICANTS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Sandy Valley Water District ("Sandy Valley District"), Southern Water And Sewer District ("Southern District"), and the city Of Pikeville ("Pikeville") (jointly "Applicants") file the original and 8 copies of the following information with the Commission within 14 days of this request, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to Joint Applicants' Response to Commission Staff's First Set of Interrogatories and Requests for Production of Documents, Item 14(b). State whether Southern District obtained Commission authorization to borrow \$600,000 to pay Veolia Water for management fees. If no, explain why not.

2. Refer to Joint Applicants' Response to Commission Staff's First Set of Interrogatories and Requests for Production of Documents, Item 10. Identify the entity (Sandy Valley or Pikeville) that is presently responsible for each of the listed aspects of Sandy Valley District's operations:

- a. Accounting;
- b. Billing and collections;
- c. Distribution system operations;
- d. Meter reading;
- e. Customer relations;
- f. Distribution main maintenance.

3. Refer to Joint Applicants' Response to Commission Staff's First Set of Interrogatories and Requests for Production of Documents, Item 15(b). List and describe each of the actions that Southern District has taken since January 1, 2006 to reduce its operating expenses.

4. Provide a copy of the minutes of each meeting of Southern District's Board of Commissioners held since January 1, 2006.

5. Refer to Joint Applicants' Response to Commission Staff's First Set of Interrogatories and Requests for Production of Documents, Item 14(c).

a. State the monthly interest expense incurred on the \$600,000 loan that Southern District incurred to finance the termination of its management agreement with Veolia Water.

b. State whether this monthly interest expense should not be considered in any analysis of the effect of the termination of the management agreement upon Southern District's revenues and expenses.

6. Refer to Joint Applicants' Response to Commission Staff's First Set of Interrogatories and Requests for Production of Documents, Item 18. State whether Southern District has performed any studies to ascertain the amount of savings in reduced expenses that will result from the proposed transfer. If yes, provide these studies.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

DATED: November 13, 2006

cc: Parties of Record

Case No. 2006-00327